

FREQUENTLY ASKED QUESTIONS

Section I – General Information

Q. Are all State employees eligible to join the new Choice Plus Plan with a Health Savings Account?

Yes.

Q. Will the State contribute any money to my HSA account?

Yes. The State's 2016 contribution to your HSA account will be \$1,500 for individual or \$3,000 for family.

- For those participants who are **not** currently enrolled in the Health Care FSA, you will start your HSA with the State's 2016 contribution of \$1,500 for individual or \$3,000 for family. The State's 2016 contribution will be a biannual deposit made on January 1st and July 1st.
- For those participants who are currently enrolled in the Health Care FSA though June 30, 2016, you **can** elect the "NEW" Choice Plus Plan as of January 1, 2016; however, you will be eligible to open a HSA as of July 1, 2016, at which time you will receive a lump sum contribution to your HSA equal to 100% of the annual contribution. *(See section 2 for additional information.)*
- For those participants who are **not** currently enrolled in this FSA plan year, but have carry over funds available from the 7/1/14-6/30/15 plan year, you **can** elect the "NEW" Choice Plus Plan as of January 1, 2016; however, you will be eligible to open a HSA as of July 1, 2016, at which time you will receive a lump sum contribution to your HSA equal to 100% of the annual contribution. *(See section 3 for additional information.)*

Q. What are the requirement for opening an HSA?

You must be:

- Covered by an HSA qualifying high deductible health plan (HDHP);
- You are not covered by any other health plan that is not a high deductible plan;
- You are not entitled to Medicare, TRICARE or TRICARE for Life;
- You have not received VA benefits within the past three months;
- You are not claimed as a dependent on someone else's tax return; and
- You are not covered by a health care flexible spending account (FSA).

Q. Is there a limit on how much I can put into my HSA each year?

The 2016 IRS limits are \$3,350 for individual coverage and \$6,750 for family coverage. This includes contributions from your employer and any contributions you choose to make. Those 55 years of age or higher, but not yet entitled to Medicare benefits, can deposit an additional \$1,000/year "catch-up" contribution.

Q. Can I increase or decrease my payroll contribution to my HSA anytime?

Yes, you can change your HSA contribution anytime during the year.

Q. *Can I participate in the new Choice Plus HSA Plan without opening a HSA account?*

Yes, you can enroll in the Choice Plus Plan but the State will only make its contribution(s) if you open an HSA with Optum Bank.

Q. *Can I stay in the 2014 plan and open a HSA account?*

No. Only those employees who enroll in the Choice Plus Plan with an HSA, are eligible to open an HSA.

Q. *What happens when you enroll in Medicare?*

In the year you enroll in Medicare, you and the State of Rhode Island's contribution must be prorated. For example, in 2016 if you enroll in Medicare in July, your HSA contribution must reflect the fact that you were eligible to contribute to your HSA for only six months of the year (Jan through June). This means \$1,675 for individuals and \$3,375 for families or with the "catch up" contribution \$2,175 for individuals and \$3,875 for families.

Q. *Do I have to dis-enroll from the HSA plan on the month I am eligible for Medicare?*

No. You can keep both the medical coverage and your HSA, you have just become ineligible to continue to contribute to the HSA.

Q. *If my spouse or dependent is on Medicare, can I open and contribute to an HSA?*

Yes, if a spouse or dependent will be or is already covered by Medicare, you can sign up for this plan and open and contribute to an HSA. If you file taxes jointly with your spouse, you can use your HSA to help pay for your spouse's qualified expenses, such as Medicare premiums.

Q. *If my spouse has his or her own health plan with an HSA, can I also contribute to it?*

Yes. But the IRS says the two of you together can only contribute up to the family limit. Both of you can contribute to just one of your HSAs, or you can contribute to both HSAs as long as the total amount doesn't go above the annual family limit.

Q. *Can my HSA be used to pay premiums?*

No, this would be a nonmedical withdrawal, subject to taxes and penalty.

Q. *What happens if I leave my current employer, change health plans or retire?*

The money in your HSA is yours to keep. If you leave State service, change health plans, or retire, you take your HSA with you. If you switch to a health plan that makes you ineligible to continue depositing money in an HSA, you may continue to use the money in your account for qualified medical expenses, but you can no longer make deposits.

Q. *If I'm 65 or older and decide to retire, what happens to my HSA?*

After you turn 65 or start receiving Medicare benefits, you may withdraw money from your HSA for medical and non-medical purposes without penalty. When your Medicare coverage starts, you can use your HSA to pay your Medicare premiums, deductibles, and co-payments.

Q. *I want my HSA dollars to go as far as possible. How can I find out how much a treatment or procedure is going to cost?*

After you enroll, you will have tools on *myuhc.com* that can help you estimate the cost of treatments and other procedures based on your health plan, a specific doctor or hospital, and your ZIP Code.

Q. *How do I pay with a HSA?*

If you receive a bill from your doctor, or if you are paying for a prescription, you can pay from your HSA using your HSA Debit MasterCard card at the point of service, withdraw cash at an ATM to replenish funds paid out of pocket (\$2.50 fee applies), online bill pay using myClaimsManager or via check (available upon request from Optum Bank).

Q. *Is there a monthly maintenance fee for the HSA account with Optum Bank?*

The fee is waived for the 2016 calendar year.

Q. *Is there a fee for the HSA Debit MasterCard? Can I request additional cards?*

There is no fee for the debit card. You can also request additional cards for dependents at no cost. There is a fee of \$2.50 per cash withdrawal as well as any fees charged by the ATM machine.

Q. *If I paid a health care bill with my credit card, can I pay myself back from my HSA?*

Yes, as long as the service is a qualified expense. You can take money out of your HSA to pay yourself back with no penalty. There is a fee of \$2.50 per cash withdrawal as well as any fees charged by the ATM machine.

Q. *Can I use the HSA for my spouse or dependents if they're not covered under my plan?*

You can use the HSA to pay for qualified expenses of any family member if they are claimed as a spouse or dependent on your taxes. If a tax dependent is not covered under your plan, and you use your HSA to pay for their expenses, those expenses will not go toward your deductible.

Q. *Who administers the HSA account?*

UnitedHealthcare's subsidiary Optum Bank.

Q. *Can I use any bank?*

Yes; however, the State's 2016 contribution can only be deposited into an Optum Bank HSA.

Q. *Does the HSA account earn interest?*

Yes, interest is earned while money is in the account. Once your HSA account has reached a threshold of \$2,000, you may be able to invest a portion of your HSA in mutual funds. *(Note: Investments are not FDIC-insured, are not guaranteed by Optum Bank, and may lose value)*

Q. *Are the funds available immediately?*

Only deposited funds in the account are available for usage. Employee HSA payroll contributions will be available within one business day of payroll check date.

Q. *What are the HSA deposit options?*

- Pretax Payroll deduction

- Mail a check *(deposit additional dollars into your account by April 15th of the current year in order to realize tax savings for the prior year)*
- e-Contribute *(Arrange a one-time or regular electronic transfer from an account at another financial institution)*

Q. *Do I need to save my receipts?*

Yes, keep all records of your medical expenses in case of an IRS audit. This way you can prove that your HSA was used for qualified expenses. (Note: Optum Bank does not track your expenses or verify eligibility however they will report all contributions and distributions to both you and the IRS at year end.)

Q. *How does an HSA help you save?*

- Money put into the HSA is income tax-deductible
- Money withdrawn from HSA to pay for qualified medical expenses is withdrawn income tax-free
- Accounts earn interest and it is not taxable
- Money not spent during the year carries over for use in future years

Q. *What tools are available on www.myuhc.com for managing your HSA account online?*

- Check your balance
- Arrange deposits from another bank account
- Pay bills to health care providers
- Reimburse yourself for qualified medical expenses paid out-of-pocket
- Use HSA calculators
- Check the contribution tracker for YTD contribution amounts
- Use the convenient receipt vault *(upload your receipts and store them online)*
- Manage investment activities for your HSA

Q. *What happens if I use my HSA to pay for in-eligible expenses?*

If you use your HSA to pay for non-qualified expenses, the amount of the purchase becomes taxable as income. You will also have to pay a 20% tax penalty on that amount. For example, if the expense was \$100, the \$100 would be considered taxable income and you would also pay an additional \$20 tax penalty. The 20% tax penalty does not apply if the account holder is age 65 and older.

Q. *What if I want to switch plans at the next open enrollment on July 1, 2016?*

If you enroll in the Choice Plus Plan with an HSA effective January 1, 2016, you are committed for the entire 2016 calendar year, unless you have a qualified status change.

Q. *Will the State's 2016 contribution be pro-rated if I enroll in the HSA plan during the year due to a status change or if I'm newly hired?*

No. The State's 2016 contribution will be made on 1/1/16 and 7/1/16. You must be enrolled on the date the deposit is scheduled in order to receive the State's contribution. *(Ex: Employee hired or status change on Jan 3rd will only receive State's contribution on 7/1; Employee hired or status change on July 3rd will not receive the State's contribution for 2016.)*

Q. *When will the next open enrollment be?*

The next open enrollment period will be 7/1/16. However, it will be only a 6-month period (7/1/16-12/31/16) in order for all benefit plans to align on a calendar year basis.

Q. If I enroll in the Choice Plus Plan with HSA as of 1/1/16 and decide to change plans at the next open enrollment on January 1, 2017, what happens to the money in the HSA account?

The money in your HSA account is yours to keep.

Q. Can I rollover HSA funds from a previous employer into the State's HSA plan?

Yes, you can rollover over the funds into your HSA account.

Q. What happens to the HSA in the event of the death of the account holder?

- Account holders will be given the opportunity to assign a beneficiary to their account (online at myuhc.com or via paper form)
- If no beneficiary is elected, the account holder's estate will be deemed to be the beneficiary.
- If the spouse is designated as the account's beneficiary, it will become the spouse's HSA with all the associated tax benefits.
- If anyone other than the spouse is designated as the beneficiary:
 - The account ceases to be an HSA
 - The fair market value of the HSA will be treated as taxable income to the beneficiary
 - The account can be used for the decedents expenses on a tax free basis if used within 1 year after their death

Section II – Participants Currently Enrolled in Health Care FSA for 7/1/15-6/30/16

Q. Can I participate in the "NEW" Choice Plus HSA Plan?

Yes. You can elect the "NEW" Choice Plus Plan as of January 1, 2016. You will complete the paperwork to open up your HSA in November 2015 (the same time you complete your other medical enrollment forms). The HSA will not become active and funded until 7/1/16, at which time you will receive a lump sum contribution from the State to your HSA equal to 100% of the annual contribution.

Q. Can I have an HSA and a health care flexible spending account (FSA)?

No. If you are enrolled in a health care FSA, the IRS will not allow you to open an HSA. But the law does permit you to enroll in a limited-purpose FSA. Unused health care FSA balances up to \$500 can be rolled into a limited-purpose FSA. A limited-purpose FSA can only be used to pay for eligible dental and vision expenses.

Q. If my spouse has an FSA through another employer and I am not covered on his/her medical coverage, can I open an HSA?

No. You can't open a HSA. Since there is no such thing as an "individual" FSA, the State of RI employee is considered covered by their spouse's FSA.

Q. If I am currently enrolled in the health care FSA and want to enroll in the Choice Plus HSA plan, can I increase my FSA election?

No. Your current election is for FY16 (July 1, 2015 – June 30, 2016).

Q. *What happens if I have money remaining in my Health Care FSA as of 6/30/16?*

If you have funds remaining in your FSA on 6/30/16, they can be rolled over to a limited-purpose FSA. Limited-purpose FSAs (can only be used to pay for Dental & Vision expenses) are considered compatible with HSAs. You will be able to enroll in the Limited-purpose FSA on next open enrollment period. However, it will be only a 6-month period (7/1/16-12/31/16) in order for all benefit plans to align on a calendar year basis.

Q. *What is a Limited-Purpose Health Care FSA?*

A Limited Health Care FSA allows you to pay for out-of-pocket dental, vision and orthodontia expenses with tax-free dollars. *(Examples of eligible expenses: root canals, crowns, bridges, orthodontia, glasses, and contacts)*

Q. *Can I reimburse myself for expenses incurred prior to 7/1/16 after my HSA is open on 7/1/16?*

No, expenses must be incurred after 7/1/16 to be eligible for reimbursement under the HSA. Any expenses incurred prior to 7/1/16 would only be eligible under the FSA.

Section III – Participants Not Enrolled in the Health Care FSA, but have carry over funds remaining in my Health Care FSA from the previous year

Q. *Can I participate in the new Choice Plus HSA plan?*

Yes. You can elect the “NEW” Choice Plus Plan as of January 1, 2016. You will start your HSA with the State’s 2016 contribution of \$1,500 for individual or \$3,000 for family. The State’s 2016 contribution will be a biannual deposit made on January 1st and July 1st.

Q. *Can I have an HSA and a health care flexible spending account (FSA)?*

No. If you are enrolled in a health care FSA, the IRS will not allow you to open an HSA. But the law does permit you to enroll in a limited-purpose FSA. Unused health care FSA balances up to \$500 can be rolled into a limited-purpose FSA. You will be able to enroll in the limited-purpose FSA for 1/1/16-6/30/16.

Q. *What is a Limited-Purpose Health Care FSA?*

A Limited Health Care FSA allows you to pay for out-of-pocket dental, vision and orthodontia expenses with tax-free dollars. *(Examples of eligible expenses: root canals, crowns, bridges, orthodontia, glasses, and contacts)*

Q. *What happens to my carry over funds if I do not elect a limited-purpose FSA?*

Your funds will be forfeited.